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Question: I am working as a locum at a practice. The solo GP's spouse is the practice manager and they both plan to retire soon. If I can take over the practice, they will let me buy the premises (purpose-built in the 1980s). They want £700,000 for the building plus £200,000 for the fixtures and fittings. The notional rent is currently £23,450 (grossly below what a surgery worth £700,000 should attract) and is due for review in 2010. I think the premises are only worth £300,000, while the couple claims they were valued at £800,000 in 2007. However, they have no documentation to support this. They simply say they reduced the price because of the credit crunch. I suggested the GP takes me into partnership and leases the surgery to me, but this was unacceptable because it may attract the taxman's attention. How can I convince them to sell at a reasonable price?

Answer: I note that the Notional Rent falls at £23,450 but that it is due for renewal next year. However, even with a reasonable increase, it does not appear to bear any realistic relation to the valuation of £700,000 that has been obtained by the current owner. There are of course reasons why the Market Value could vary so greatly, for example if the site was not fully developed (e.g. there is notable room for expansion or a plot for another building etc), or if the alternate use value of the property exceeded its value as a surgery. The most likely scenario here, especially if we are talking about a valuation implemented a couple of years ago, would be residential redevelopment. In some high value residential areas, it would not be surprising to find that a dated surgery had a value less than the residential development land upon which it sat. However, I would point out that, whilst over the last couple of years surgery values have probably fallen slightly, development land in many instances has more than halved, so the same may not be true now.

If the owner is being unrealistic, then the only real way of trying to persuade him would be to have a full report undertaken on the surgery value and alternate value with the surveyor including notes on how the figures may have altered over the last couple of years, and whether £700,000 to £800,000 was ever realistic. If a properly qualified specialist undertook such a reasoned appraisal, it may serve to convince the current owner. However, if the result is that the original high figures did relate to development land value and that those values have now halved, the report still may not make it palatable for the owner to sell.

In situations where an owner wishes to wait until the market recovers, he could look at renting it to you and there are ways to protect both his interest and your own. You noted that his accountant advised against a route involving a formal lease, this is no doubt as, if he created a lease, the rent he received would be taxed as unearned income. You could therefore look to effecting the same scenario within the terms of a Partnership Deed (in essence, no formal tenancy but the term set out in the Partnership Deed). Such a Deed could also deal with part of your profits being put to one side for the eventual purchase and could attend to an option to sell to you at Market Value with that value being properly determined by an expert. The first move, however, is to ascertain the correct Market Value and I am afraid there is no way of doing this apart from instructing a specialist surveyor to prepare a full and detailed report.